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3/14/89

Research News for the U.S. Travel Industry

TRAVEL PRINTOUT

US Travel Data Center

February 1989 Volume 18, Number 2

1989 Consumer Prices Expected to Rise Faster Than Travel Prices

1989 travel prices are expected to rise significantly slower than overall consumer prices for the year, reports the Data Center's 1988-89 Economic Review of Travel in America. For the first time, this newly-released report provides predictions for the economic implications of U.S. travel through 1989 in addition to its historical analysis of the role of travel activity and the industry in the U.S. economy.

Also forecast, the 1989 Travel Price Index (TPI), which measures the overall cost of travel and is comparable to the Consumer Price Index, will increase just 3.5 percent as a drop in gasoline prices offsets accelerating air fares, bus fares, and food service costs. Hotel and motel rates will increase slower than in 1988 as over-building encourages price competition in many areas. Yet, the costs of food and beverages away from home are expected to rise more rapidly in response to the drought of 1988.

According to the report, the United States' dynamic economic expansion will slow in 1989, but a recession appears unlikely. Interestingly, these economic developments foreseen in 1989 will not hinder the growth of travel, but neither will they boost increases above the current trend.

A projected 7 percent rise in personal income, coupled with a predicted increase in overall consumer spending, should prove positive for the travel industry in 1989. Consumers are likely to spend more on travel as income rises faster than both travel and overall prices.

For 1989, travel industry sales are expected to increase almost 7 percent, less than the 7.9 percent growth experienced in 1988, and short of the expected 7.2 percent growth in the gross national product. Real travel industry sales increased 2.9 percent a year over the past decade. (continued on page 4)

Congress Approves Funds for TEIM Revisions

Funds were recently appropriated by the U.S. Congress to support revisions and expansion of the Data Center's Travel Economic Impact Model (TEIM), a statistical model that provides annual estimates of travel-generated spending and its impact on national, state, and local economies.

The federal funding for this project, $150,000, will be included in the budget of the U.S. Travel and Tourism Administration, and earmarked for the TEIM revisions by the Data Center.

TEIM revisions include new multiplier, foreign visitor impact and forecasting components, allowing increased flexibility. These revisions will also complement more local and specific research studies undertaken by universities. (continued on page 2)

1988 Travel Costs Kept Pace With Overall Consumer Spending

In 1988, the overall Travel Price Index increased 4 percent over the previous year, approximately the same rate as the Consumer Price Index (CPI), which measures changes in the average cost of all items consumers purchase.

However, this increase was considerably less than the ten-year TPI growth rate of 7 percent, and less than a 6 percent increase in the CPI for the same period.

The annual average of the TPI, which measures changes in the seasonally unadjusted prices of lodging, food, transportation and other goods and services purchased by Americans traveling away from home in the U.S., was 119.5 (1982 - 84=100) in 1988.

The overall cost of travel increased substantially less than personal income growth in 1988.

The cost of lodging led all other components with a 5.7 percent increase in 1988. Entertainment followed with a 5.5 percent gain. Yet, airline fares, motor fuel prices, and intracity transportation expenses were also moderating influences on the 1988 TPI.

All components increased at a slower percentage rate than the long-term trends, with air fares and intracity public transportation showing the greatest moderation.

December 1988 travel prices stabilized as most components of the TPI showed little or no change.

The December TPI fell less than 1 percent from November to 119.4. For comparison, the CPI increased 0.2 percent.

Lodging, motor fuel and overall transportation costs measured slight decreases (less than 1 percent), while air fares, entertainment and intercity public transportation all showed minor increases.

TEIM (continued from page 1)

Further details on technical revisions to the TEIM will be featured in the March Travel Printout.

Travel Price Index and Components

December 1988 TPI Component	Monthly Percent Change November 1988 to December 1988	Annual Percent Change December 1987 to December 1988
Transportation	-0.3	0.3
Airline Fares	1.3	3.3
Other Intercity Trans.	1.3	7.1
Intracity Public Trans.	0.2	3.0
Motor Fuel	-1.5	-2.1
Lodging	-1.0	4.5
Food and Beverages Away From Home	0.3	4.4
Entertainment	1.1	4.1
TRAVEL PRICE INDEX	-0.1	3.7
CONSUMER PRICE INDEX	0.2	4.4

Source: US Travel Data Center and the U.S. Bureau of Labor Statistics

TRAVEL PRINTOUT is published monthly by the US Travel Data Center, the national non-profit center for travel and tourism research, and an affiliate of Travel Industry Association of America, Two Lafayette Center, 1133 21st Street NW, Washington, D.C. 20036. Telephone: 202/293-1040. Suzanne D. Cook, Director, Julie Bowers, Editor.

Travel Printout reports on Data Center Projects, national travel research conducted by other respected organizations, and trends in the U.S. travel industry. Subscriptions are $70 per year, U.S., Canada and Mexico; other foreign countries, $80 per year, payable in U.S. funds only. ISSN: 0744-6233.

Survey Prompts New Member Services

The Outlook for Travel and Tourism is the most popular and widely-used Data Center publication, followed closely by the annual National Travel Survey series, according to a recent Data Center membership survey.

Almost 1 in 5 members surveyed indicated that Travel Printout is even more important to them than the regularly scheduled reports.

Members also said that they had less time to read detailed reports and preferred to see the Data Center's findings in summarized forms. They often requested more in-depth information by telephone or fax.

When asked about new services, members offered several ideas such as having Data Center research staff available to speak at meetings, and research audits by the Data Center of an organization's existing research programs. Audits would include recommendations for establishing effective marketing intelligence gathering.

A "clearinghouse" type listing of travel-related research projects was another common suggestion. The Data Center is now gathering such information through a new, bi-monthly Travel Printout clearinghouse column and through assistance from the Georgetown University travel and tourism program.

Also, in response to the survey, orientation seminars will be held to better acquaint new members with the services and staff of the Data Center.

1988 Full Year NTS Results Coming in March

The 1988 seasonal results of the National Travel Survey, with separate reports on travel activity for all four seasons, premier in March.

Each report consists of two companion volumes: a Seasonal Travel Executive Briefing, a heavily condensed version of the surveys findings into concise analysis, and Seasonal Travel Market Close-Up for more detailed statistics.

The 1988 Travel Executive Briefing and Market Close-up, coming in April, contains a complete overview of Americans' travel in 1988, but data are not separated by season.

All of these 1988 reports will be sent to Data Center members. The National Travel Survey Seasonal Executive Briefing and Market Close-Up reports are available to others for $135 for both. The 1988 Travel Executive Briefing and Market Close-Up cost $135 separately or $250 for both. Write to: US Travel Data Center, Two Lafayette Centre, 1133 21st Street, NW, Washington, D.C. 20036.

TravelTab '89 Ready for National Tourism Week

The Data Center's 1989 TravelTab, a six-panel brochure containing the most up-to-date travel trends and statistics, will be released in mid-April in time for travel industry organizations to use when preparing campaigns for National Tourism Week, May 15-19.

TravelTab collects the most important summary data on travel by U.S. residents, impact on the economy, trends in travel prices, inbound and outbound foreign travel and more. It is designed as an easy reference source when writing speeches, articles and reports on travel.

As an added feature to this

(continued on page 4)

(continued from page 3)
year's edition, a space on the front panel is provided for printing of a company logo or emblem.

TravelTab is available in bulk orders (First 100 copies, $30; over 100, $25 per 100) or individually for $9 each from the US Travel Data Center, Two Lafayette Centre, 1133 21 St., NW, Washington, D.C. 20036.

Hunt Elected New Data Center Chairman

During its December 5 meeting, the Data Center's board of trustees elected new members and officers for 1989. Dr. John D. Hunt, distinguished professor of tourism from the University of Massachusetts, will serve as the 1989 chairman.

With the exception of Hunt, the other Data Center officers will remain the same as 1988:

- Vice-chairman, William D. Toohey, president, Travel Industry Association of America,
- Secretary, Dr. Charles R. Goeldner, director, business research division, University of Colorado,
- Treasurer, David J. Humphreys, president, Recreational Vehicle Industry Association.
- Executive Committee Member, Jerry Foster, president, Saga International Holidays.

The board also elected a new member, James Prosser, national marketing manager, tourism, AT&T, to a two-year term.

Other board members include: C. Reath Edwards, director of corporate marketing, Hershey Entertainment & Resort Company; Robert E. Gall, vice president, sales & advertising, Amtrak; Kenneth F. Hine, executive vice president, American Hotel & Motel Association; J. Phillip Keene, executive director, California Tourism Corporation; Peter W. Mason, travel category manager, Better Homes & Gardens; Patrick A. McMahon, director, Virginia Division of Tourism; Marshall E. Murdaugh, president, New York Convention & Visitors Bureau; Nestor N. Pylypec, vice president, Traffic Services, Air Transport Association of America; Rossi Ralenkotter, director of marketing, Las Vegas Convention & Visitors Authority; Henry R. Todd, director, Minnesota Office of Tourism; and Barbara Wickliffe, marketing research director, Best Western International.

Economic Review (continued from page 1)

Reviewing 1988 figures, the Economic Review reports that U.S. residents and foreign travelers spent $313 billion in the United States during 1988, an 8 percent increase over 1987 spending. These expenditures represent 6.4 percent of the gross national product.

Travel spending in America directly generated 5.5 million jobs in 1988, paying $70 billion in wages and salaries and producing nearly $37 billion in federal, state and local taxes.

If viewed as a single retail industry, the travel and tourism sector is the third largest retail industry in business receipts, following automotive dealers and food stores.

The 1988-89 Economic Review of Travel in America will be sent to Data Center members and is available to others for $60 by writing to the US Travel Data Center, Two Lafayette Centre, 1133 21st Street, NW, Washington, D.C. 20036.

Travel Volume Increases for October & November

During October, travel by Americans rose 5.5 percent from year-earlier levels, reported the latest National Travel Survey conducted by the Data Center.

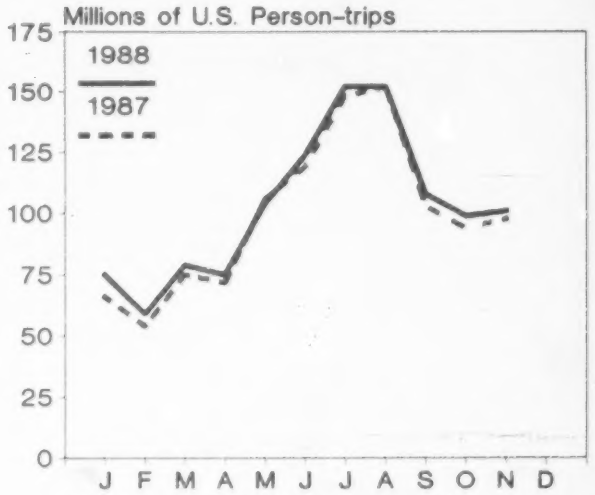
The monthly telephone survey showed that Americans took over 99 million person-trips in October. (A person-trip is one person traveling 100 miles or more away from home.)

Other survey findings include:

- Vacation and weekend travel continued to show significant gains, increasing 7 percent and 9 percent respectively during October.
- Pleasure travel rose 7 percent, while business travel remained unchanged compared to October 1987.
- Auto travel showed a 12 percent increase during October, and hotel/motel use rose 2 percent.
- The average round-trip distance fell to 940 miles, down from 980 miles in October 1987. Average trip duration was 3.7 nights.

November travel volume rose 4 percent, garnering 101 million person-trips.

- Again, vacation travel showed a strong increase, up 8 percent from November 1987.
- Pleasure travel rose 6 percent, and weekend travel edged 1 percent.
- Auto travel, while slowing in growth, still registered a 4 percent gain in November.
- Average round-trip distance was 960 miles. Average trip duration was 3.4 nights.



Source: US Travel Data Center's National Travel Survey

Visitor Volume at National Parks

Region	NOV 1988 visits	Change from NOV 1987*	Year-to-Date 1988/1987*
NEW ENGLAND	703,996	0%	2%
MIDDLE ATLANTIC	1,579,036	-13	-16
SOUTH ATLANTIC	5,447,573	-7	-4
EAST SOUTH CENTRAL	1,491,150	-2	7
EAST NORTH CENTRAL	174,966	-18	12
WEST NORTH CENTRAL	335,071	18	4
WEST SOUTH CENTRAL	540,618	4	3
MOUNTAIN	1,758,124	13	3
PACIFIC	2,688,162	-10	-1
TOTAL	14,718,696	-5	-2

* Percent change figures may not be consistent with those previously reported due to National Park Service revisions.

States comprising the Census regions:
New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. **Middle Atlantic:** New Jersey, New York, Pennsylvania. **South Atlantic:** Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia. **East South Central:** Alabama, Kentucky, Mississippi, Tennessee. **East North Central:** Illinois, Indiana, Michigan, Ohio, Wisconsin. **West North Central:** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. **West South Central:** Arkansas, Louisiana, Oklahoma, Texas. **Mountain:** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Pacific:** Alaska, California, Hawaii, Oregon, Washington.

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Current Travel Indicators

CURRENT TRAVEL INDICATORS

	Current Month 1988	Current Value	Percent Change: Previous Month	Percent Change: Year-Ago Month	Percent Change: Year to Date
Establishments Receipts or Retail Sales					
Hotels, motels and other lodging places(1)	Nov	$ 4,236 million	14.8	8.4	8.9
Eating and Drinking Places(2)	Nov	13,569 million	1.0	7.7	5.8
Gasoline Service Stations(2)	Nov	8,951 million	-1.4	2.2	4.3
Commerciad Lodging Demand					
Hotel/Motel Occupancy Rates(3)	Nov	62.5 percent	-0.3	0.5	1.3
Real Demand for Commercial Lodging(4)	Nov	54.1 million	-15.0	5.4	4.8
Airline Passenger Traffic(5)					
Domestic Revenue Passenger Miles	Nov	25.0 billion	-5.7	6.1	1.1
International Revenue Passenger Miles	Nov	6.5 billion	-18.6	18.3	17.8
Highway Traffic Volume(6)					
Rural Arterial Passenger Miles	Nov	40.1 billion	-7.8	4.8	4.9
Rail Passenger Traffic(7)					
Amtrak Passenger Miles	Nov	439.1 million	0.3	2.6	7.0
Travel Price Index(1982-84=100) (8)	Nov	119.5	-0.7	3.0	4.0
U.S. Resident Travel					
Total Person Trips(9)	Nov	101.2 million	2.0	3.8	4.1
Vacation Person Trips(9)	Nov	69.4 million	9.6	7.8	8.5
Total Person Nights(10)	Nov	343.8 million	-6.3	-5.6	-3.7
Vacation Person Nights(10)	Nov	252.2 million	-3.8	5.1	-0.2
Public Use of National Parks(11)					
Visits	Nov	14,718,696	-38.0	5.0	-2.0
Overnight Stays	Nov	630,934	-47.2	14.0	0.0
Foreign Arrivals to the U.S.					
From Overseas(12)	Oct	1,060,027	8.1	31.8	21.5
From Canada(13)	Nov	892,125	-19.0	18.5	10.9
From Mexico(12)	Oct	89,846	4.8	35.8	13.0
U.S. Citizen Departures					
To Overseas(12)	Sep*	1,237,599	-15.4	6.1	5.7
To Canada(13)	Nov	573,803	-32.6	10.8	0.0
Domestic Demand for Motor Gasoline(14)					
Barrels per Day	Nov	7,322 thousands	1.6	2.4	2.0

* October data not yet available

(1) Source: Smith Travel Research, seasonally unadjusted. (2) Preliminary; revised monthly. Source: Bureau of the Census. (3) Source: Smith Travel Research, seasonally adjusted, 1986 and 1987 data have been revised. (4) Smith Travel Research; unadjusted room nights sold. (5) Preliminary; U.S. scheduled service air carriers. Source: Air Transport Association. (6) Preliminary; revised monthly. Source: Federal Highway Administration. (7) Source: National Railroad Passenger Corporation (Amtrak). (8) Source: US Travel Data Center and Bureau of Labor Statistics. (9) Source: US Travel Data Center. (10) US Travel Data Center. Data is not comparable to earlier published numbers due to revised methodology. (11) Preliminary; unadjusted for differences in reporting units. Source: National Park Service. (12) Source: U.S. Travel and Tourism Administration. Mexican data reflect I94 arrivals only. (13) Statistics Canada. (14) Preliminary; Source: U.S. Department of Energy.

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Congressional Information
Service
4520 East-West Hwy., Ste. 800
Bethesda MD 20814

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